

News Release

FCC Policy on Wireless Termination Fees Better Than Inconsistent State Regulation, Verizon Says

Company Executive Tom Tauke Lists Suggestions of Customers and Consumer Organizations at FCC Hearing on ETFs

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WASHINGTON - Verizon told the Federal Communications Commission Thursday (June 12) that both consumers and the competitive wireless industry would fare better under an FCC-set national policy on early termination fees (ETFs) than under the confusing patchwork of inconsistent regulations and legislation being proposed in numerous states.

Testifying before FCC commissioners at a hearing on the fees consumers agree to pay if they terminate a cellular phone contract early, Tom Tauke, Verizon executive vice president of public affairs, policy and communications, said the wireless marketplace is functioning well and that his company acted early to expand consumers' options.

"The bottom line is this: We listened to consumer concerns, and adjusted our policies," Tauke said. "Customers can choose to purchase products and services with or without contracts that feature early termination fees based on their individual needs. And they have many choices - both from Verizon Wireless and our competitors - to meet their wireless needs."

But, given the alternative of inconsistent state regulations, he suggested a list of ETF-related changes - many of which Verizon has already adopted - for FCC consideration, if the agency plans to take action.

"Faced with the prospect of multiple state policies on this issue, Verizon believes that appropriate federal action to establish a national policy is preferable," Tauke said. "In an attempt to address consumer concerns about ETFs and to avoid confusion about multiple policies, we suggest that the commission consider adopting a set of national guidelines for ETFs for wireless services to ensure that consumers nationwide have the benefit of a consistent set of standards governing ETFs."

But he warned that any rules "not be overly prescriptive" and that the FCC "should be careful that the rules about ETFs not have the unintended consequence of taking one of the most popular consumer options off the table." That option is customers' ability to choose a term contract to avoid potentially higher upfront costs.

"Verizon Wireless offers our customers a number of payment-plan options to meet their communications needs, some with ETFs and some without," Tauke said. "Our experience is that - whether it's the convenience of pricing stability, bundled services, or

the discounted rate on the newest devices or services - many customers prefer the benefits of one- or two-year contracts that feature ETFs."

Customers who don't want bundled services or a contract and value flexibility instead can buy a wireless device at a retail store and connect it to a network provider that supports the device, or choose a service provider with a pay-as-you-go option. "Some options feature contracts, others do not," Tauke said. "Regardless, it is the consumer who chooses, and all of those choices are the result of consumers telling the marketplace what options work best for them."

Tauke said customers and consumer groups had suggested a number of ideas, some of which have been adopted already by Verizon: reasonable ETFs; complete and proactive presentation of information about ETFs; opt-out or trial periods for new contracts; pro-rated ETFs; and no ETFs for contract renewals, unless there is additional economic benefit, such as a new device.

"While we continue to question the necessity of all of these provisions, we nevertheless believe that an FCC-adopted national policy for wireless ETFs that is consistent with this framework is workable for the wireless industry, and Verizon is prepared to support such a policy," Tauke said.

Verizon Communications Inc. (NYSE:VZ), headquartered in New York, is a leader in delivering broadband and other wireline and wireless communication innovations to mass market, business, government and wholesale customers. Verizon Wireless operates America's most reliable wireless network, serving more than 67 million customers nationwide. Verizon's Wireline operations include Verizon Business, which delivers innovative and seamless business solutions to customers around the world, and Verizon Telecom, which brings customers the benefits of converged communications, information and entertainment services over the nation's most advanced fiber-optic network. A Dow 30 company, Verizon employed a diverse workforce of approximately 232,000 as of the end of the first quarter 2008 and last year generated consolidated operating revenues of \$93.5 billion. For more information, visit www.verizon.com.

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